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Bylaws as amended February 1,  
1974;Implementing resolutions of Council  
[1974];Objectives of the Institute  
[1974];Description of the professional practice of  
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American Institute of Certified Public Accountants

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# Bylaws

as amended February 1, 1974

- Implementing Resolutions of Council
- Objectives of the Institute
- A Description of the Professional Practice of Certified Public Accountants



American Institute of  
Certified Public Accountants

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- Objectives of the Institute
- A Description of the Professional Practice of Certified Public Accountants

**AICPA**

American Institute of  
Certified Public Accountants

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**BYLAWS**  
**AMERICAN INSTITUTE OF CERTIFIED**  
**PUBLIC ACCOUNTANTS**  
**AS AMENDED FEBRUARY 1, 1974**

## **I Name and Purpose**

The name of this organization shall be the American Institute of Certified Public Accountants. In keeping with the Institute's certificate of incorporation, its objectives shall be to unite certified public accountants in the United States; to promote and maintain high professional standards of practice; to assist in the maintenance of standards for entry to the profession; to promote the interests of CPAs; to develop and improve accounting education; and to encourage cordial relations between CPAs and professional accountants in other countries.

## **II Admission to Membership and Association**

### **2.1 Members**

Members of the Institute shall be

**2.1.1** Members of the Institute at the effective date of these bylaws, and

**2.1.2** Persons who shall qualify for admission as provided in section 2.2 of this article and who shall be admitted by the Board of Directors.

### **2.2 Requirements for Membership**

The following persons may qualify for admission as members of the Institute:

**2.2.1** Those who are in possession of valid and unrevoked certified public accountant certificates issued by the legally constituted state authorities ("state," when it appears in these bylaws and in implementing resolutions of Council, shall be understood to include the states, territories, or territorial possessions of the United States or the District of Columbia), and



**2.2.2** Who shall have passed an examination in accounting and other related subjects satisfactory to the Board of Directors.

### **2.3 Certificate of Membership**

Upon admission each member shall be entitled to a certificate setting forth that he is a member of the Institute, but no certificate shall be issued until receipt of dues for the current year. Certificates of membership shall be returned to the secretary of the Institute upon suspension or termination of membership for disciplinary reasons.

### **2.4 Right of Members to Describe Themselves as Such**

A member of the Institute shall be entitled to use the designation "Member of the American Institute of Certified Public Accountants." A firm all of whose partners or shareholders are members shall be entitled to use the designation "Members of the American Institute of Certified Public Accountants."

### **2.5 International Associates**

International associates shall include those who were international associates on the effective date of these bylaws. Thereafter, citizens of other countries who shall satisfy such requirements as the Council may prescribe may be admitted as international associates. The Council shall adopt rules governing such associate membership and indications thereof.

(See implementing resolution, page 21.)

## **III Organization and Procedure**

### **3.1 General**

The organization of the Institute shall include the members, the Council, the Board of Directors, officers, committees (including subcommittees, boards, sub-boards, task forces, and the like, standing or otherwise).

The Board of Directors may from time to time organize the committees and staff of the Institute into divisions and, subject to section 3.6, may adopt rules of procedures and operating policies for such divisions.

## **3.2 Membership**

The rights and powers of the membership of the Institute shall be as hereinafter defined.

### **3.2.1 Attendance at Meetings**

Every member and international associate of the Institute shall be entitled to attend all meetings of the Institute.

### **3.2.2 Voting Rights**

Every member, but no international associate, shall be entitled to vote in person, when in attendance, upon all questions brought before duly called meetings of the Institute, and by mail ballot for the election of Council members pursuant to sections 6.1 through 6.1.6, on proposed amendments to these bylaws or to the Code of Professional Ethics as provided in Article VIII, and upon proposed resolutions of the membership as provided in section 5.1.4.

### **3.2.3 Residence for Voting Purposes**

The state from which a member may vote shall be that indicated by his mailing address as carried in the official records of the Institute, and may be either the state in which he resides or that in which his office is located.

### **3.2.4 Resolutions of the Membership**

As provided in section 5.1.4, the members by mail ballot may enact resolutions of the membership, not inconsistent with these bylaws, which shall be binding upon the membership, the Council, the Board of Directors, officers, divisions, committees or boards, and staff.

### **3.2.5 Certain Positions to Be Held Only by Members**

Only members of the Institute, as defined in section 2.1, may serve as officers of the Institute or as members of the Council, the Board of Directors, or any committee or board designated as "senior" by the Council (see section 3.6.1), or as "permanent" by these bylaws (see section 3.6.2); provided, however, that the secretary, who need not be a member of the Institute, shall be a member of the Board of Directors.

## **3.3 Council**

The governing body of the Institute shall be the Council.

### **3.3.1 Composition**

The Council shall be composed of

**3.3.1.1** Members of the Institute directly elected by the membership in each state in accordance with sections 6.1.1 through 6.1.6;

**3.3.1.2** Representatives of the recognized state societies of certified public accountants selected in accordance with section 6.2;

**3.3.1.3** Twenty-one members-at-large selected in accordance with section 6.3;

**3.3.1.4** The chairman of the Board, the vice chairman of the Board, the president, the three volunteer vice presidents, and the treasurer;

**3.3.1.5** All past presidents of the American Institute of Accountants and the American Institute of Certified Public Accountants who served prior to December 31, 1973, and are members of the Institute;

**3.3.1.6** All past chairmen of the Board of the American Institute of Certified Public Accountants who are members of the Institute; and

**3.3.1.7** Any member of the Board of Directors of the Institute, except the secretary, not otherwise on the Council.

### **3.3.2 Powers**

The Council may exercise all powers requisite for the purposes of the Institute, not inconsistent with these bylaws or with duly enacted resolutions of the membership, including but not limited to the authority to prescribe the policies and procedures of the Institute and to enact resolutions binding upon the Board of Directors, the officers, divisions, committees or boards, and staff.

### **3.3.3 Reports to Membership**

The actions of the Council shall be reported to the membership at least annually.

## **3.4 Board of Directors**

Between meetings of the Council, the activities of the Institute shall be directed by the Board of Directors, the composition of which shall be prescribed by the Council.

(See implementing resolution, page 22.)

### **3.4.1 Powers**

The Board of Directors shall act as the executive committee of Council between meetings of Council, shall control and manage the property, business, and activities of the Institute, and shall take whatever action it

deems desirable including the establishment of policies for the conduct of the affairs of the Institute consistent with the provisions of these bylaws, resolutions of the membership, or actions of the Council.

#### **3.4.2 Reports to Council**

The actions of the Board of Directors shall be reported to the Council at least semiannually.

### **3.5 Officers Elected by Council**

The officers of the Institute shall be a chairman of the Board of Directors, a vice chairman of the Board, who shall be the chairman of the Board nominee, three volunteer vice presidents, and a treasurer, all of whom shall be members in practice; a president, who shall be a member and full-time employee of the Institute, and a secretary, who shall be a full-time employee of the Institute, but need not be a member of the Institute. The chairman of the Board, the vice chairman, the treasurer, the president, and the secretary shall have such terms of office, powers, and privileges as the Council may prescribe.

(See implementing resolution, page 22.)

#### **3.5.1 Officers Appointed by the Board of Directors**

The Board of Directors may appoint staff vice presidents who shall be neither members of the Board nor of the Council and who shall perform such duties as may be assigned to them by the president.

### **3.6 Committees**

Except as otherwise provided by these bylaws or the Council (see section 3.6.1), the chairman of the Board, or his delegate, may appoint committees and boards with such duties, powers, responsibilities, and procedures as he may prescribe. The chairman of the Board, the president and the secretary shall have the privilege of the floor at meetings of all committees and boards.

(See implementing resolution, page 23.)

#### **3.6.1 Senior Committees**

The Council may designate any committee or board as a “senior” committee or board. The appointment by the chairman of the Board of members to senior committees or boards shall require the approval of the Board of Directors. The duties, powers, responsibilities, and procedures of senior committees and boards shall be as the Council may prescribe consistent with the specific provisions of these bylaws.

(See implementing resolution, page 23.)

### **3.6.2 Permanent Committees, Boards, and Divisions**

The following committees shall be permanent committees, boards, or divisions of the Institute: the nominations committee (see section 3.6.2.1); the professional ethics division (see section 3.6.2.2); the Trial Board (see section 3.6.2.3); and the Board of Examiners (see section 3.6.2.4).

(See implementing resolution, page 24.)

#### **3.6.2.1 Nominations Committee**

There shall be a nominations committee composed of seven members of the Institute, elected by the Council in such manner as the Council shall prescribe. It shall be the responsibility of the Committee to make nominations for the offices of chairman of the Board, vice chairman of the Board, volunteer vice president, treasurer, the Board of Directors, the Trial Board, and the Council, as elsewhere provided in these bylaws, and to apportion among the states directly elected Council seats pursuant to section 6.1.2.

#### **3.6.2.2 Professional Ethics Division**

There shall be a professional ethics division whose executive committee shall serve as the ethics committee of the Institute, and there shall be such other committees within the division as the Board of Directors shall authorize. The division shall, with the concurrence of the Board of Directors, adopt rules governing procedures consistent with these bylaws or actions of Council to investigate potential disciplinary matters involving members and arrange for presentation of the case before the Trial Board where the committee finds prima facie evidence of infraction of these bylaws or of the Code of Professional Ethics, interpret the Code of Professional Ethics, propose amendments thereto, and perform such related services as the Council may prescribe.

#### **3.6.2.3 Trial Board**

There shall be a Trial Board consisting of members in practice to adjudicate disciplinary charges against members of the Institute pursuant to section 7.4. Members of the Trial Board shall be elected by the Council for such terms as the Council may prescribe.

The Trial Board is empowered to adopt rules, consistent with these bylaws or actions of the Council, governing procedure in cases heard by it or any sub-board, and in connection with any application for review of a decision of a sub-board.

Decisions of any sub-board or the Trial Board shall be subject to review only by the Trial Board.

(See implementing resolution, page 25.)

#### **3.6.2.4 Board of Examiners**

There shall be a Board of Examiners appointed by the chairman of the Board of Directors subject to the approval of the Board of Directors. It shall supervise the preparation of a uniform examination which may be adopted by the legally constituted authorities of the states in examining candidates for the certified public accountant certificate and the conduct of the grading service offered by the Institute. The Board of Examiners shall formulate the necessary rules and regulations for the conduct of its work, but all such rules and regulations may be amended, suspended, or revoked by the Board of Directors. The Board of Examiners may delegate to members of the Institute's staff or other duly qualified persons the preparation of examination questions and the operation of the grading service conducted by the Institute.

## **IV Financial Management and Controls**

The Council shall have authority to prescribe such procedures as it deems appropriate to assure adequate budgetary and financial controls. Budgets shall be prepared and presented as the Council shall prescribe.

(See implementing resolution, page 25.)

### **4.1 Audit**

The Council shall, for each fiscal year, appoint a certified public accountant or certified public accountants to express an opinion on the financial statements of the Institute and its affiliated organizations. The financial statements of the Institute and the report of the auditor or auditors for each fiscal year shall be published for the information of the membership.

### **4.2 Committee on Audit**

The chairman of the Board shall appoint from among the members of the Board of Directors, other than the officers, a committee on audit to make

arrangements with the auditor or auditors for their examination and to review the audit report.

#### **4.3 Execution of Instruments on Behalf of the Institute**

All checks, drafts, deeds, mortgages, bonds, contracts, reports, proxies, and other instruments may be executed on behalf of the Institute by such officers or employees as the Council or the Board of Directors may from time to time designate, either generally or in specific instances.

#### **4.4 Limitation of Personal Liability for Financial Loss**

No personal liability shall attach to any officer or any member of Council, the Board of Directors, or any committee, board, or division for financial losses resulting from the exercise of judgment, in good faith, in the performance of his assigned duties.

#### **4.5 Dues**

The Council shall determine the annual dues which shall be paid by each member and international associate in accordance with such classifications as it deems appropriate, and may require dues of a different amount for each class so created.

Dues shall be payable on or before the first day of each fiscal year of the Institute or in such other manner as the Council shall prescribe. For new members or international associates, dues shall be apportioned to the end of the fiscal year.

No dues shall be paid by members or international associates of the Institute while they are engaged in military service of the United States or its allies during war. Individual members or international associates may be excused from payment of dues for reasonable cause by the treasurer.

#### **4.6 Fiscal Year**

The fiscal year of the Institute shall be as the Council shall prescribe.

(See implementing resolution, page 26.)

## **V Meetings of the Institute and the Council**

This article shall govern meetings of the Institute and of the Council. The Board of Directors shall determine the dates of meetings of Council and the matters to be presented for action.

### **5.1 Meetings of the Institute**

The membership shall meet pursuant to sections 5.1.1 through 5.1.3, conduct its business pursuant to section 5.1.3, and may adopt resolutions pursuant to section 3.1.4. Meetings of the membership shall be known as meetings of the Institute.

#### **5.1.1 Regular Meetings of the Institute**

There shall be a regular meeting of the Institute within three months after the close of the fiscal year, on a date to be fixed by the Board of Directors. This meeting shall also be known as the annual meeting of the Institute.

#### **5.1.2 Special Meetings of the Institute**

The chairman of the Board shall call special meetings of the Institute when so requested by the Council or the Board of Directors, or upon the written request of at least two hundred members of the Institute or any thirty members of Council. Special meetings of the Institute shall be held at places designated by the Board of Directors. No business shall be transacted at a special meeting of the Institute other than that for which the meeting shall have been convened.

#### **5.1.3 Notice of Meetings of the Institute**

Notice of each meeting of the Institute, whether regular or special, shall be mailed to each member of the Institute, at his mailing address as shown on the official records of the Institute, at least thirty days prior to the date of such meeting.

#### **5.1.4 Resolution of the Membership by Mail Ballot**

A majority of the members of the Institute, assembled at any duly called corporate meeting of the Institute at which a quorum is present, may direct that the chairman of the Board submit any question to the entire membership for a vote by mail. Any resolution enacted in such a mail ballot by two-thirds of the members voting shall be declared by the chairman of the Board a resolution of the membership and shall be binding, if consistent with these bylaws, upon the Council, the Board of Directors, committees, boards,



divisions, officers, and staff. Mail ballots shall be valid and counted only if received within sixty days after date of the mailing of ballot forms.

## **5.2 Meetings of Council**

Meetings of the Council shall be governed by sections 5.2.1 through 5.2.5, section 5.3, and section 6.7.

### **5.2.1 Regular Meetings of Council**

Regular meetings of the Council shall be held prior to the annual meeting of the Institute, and on such other dates as the Council or the Board of Directors may designate.

### **5.2.2 Special Meetings of Council**

The chairman of the Board shall call special meetings of the Council when requested to do so by the Board of Directors, or when requested in writing by at least thirty members of the Council. Special meetings of the Council shall be held at places designated by the Board of Directors.

### **5.2.3 Mail Ballot in Lieu of Special Meeting of Council**

In lieu of a special meeting of the Council, the chairman of the Board, with the approval of the Board of Directors, may submit any question to the Council for a vote by mail, and any action therein approved in writing by not less than two-thirds of the whole membership of the Council shall be declared by the chairman of the Board an act of the Council and shall be recorded in the minutes of the Council.

### **5.2.4 Notice**

Notice of each meeting of the Council shall be sent to each member of the Council, at his mailing address as shown in the official records of the Institute, at least twenty-one days before such meeting. Such notice, as far as practicable, shall contain a statement of the business to be transacted.

### **5.2.5 Minutes**

A copy of the minutes of each meeting of the Council shall be forwarded to each member of the Council within forty-five days after such meeting.

## **5.3 General Provisions Governing Meetings**

The following general provisions shall govern quorum and parliamentary procedure.

### **5.3.1 Meetings—Quorum**

Two hundred members of the Institute shall constitute a quorum for the transaction of any business duly presented at any meeting of the Institute. Thirty members of Council shall constitute a quorum of the Council. Ten members of the Board of Directors shall constitute a quorum of the Board.

### **5.3.2 Meetings—Rules of Parliamentary Procedure Applicable**

The rules of parliamentary procedure contained in Robert's Rules of Order Revised shall govern all meetings of the Institute and of the Council.

## **VI Election of Council, Board of Directors, and Officers of the Institute**

Except for ex officio members of Council (see sections 3.3.1.4 through 3.3.1.7), the election of members of the Council, the Board of Directors, and officers of the Institute shall be in accordance with the provisions of this article.

### **6.1 Members of Council Directly Elected by Members of the Institute**

Members of Council directly elected by the membership in the respective states (see section 3.3.1.1) shall be elected in accordance with sections 6.1.1 through 6.1.6 as supplemented by Council resolution.

#### **6.1.1 At Least One Member of Council Directly Elected by Membership of Each State**

There shall be at least one member of Council directly elected by the members of the Institute in each state having one or more persons enrolled upon the membership lists of the Institute.

#### **6.1.2 Number and Allocation of Directly Elected Council Seats Among the States**

The total number of directly elected members of Council, in addition to those provided for by section 6.1.1, shall be eighty-five except as modified by section 6.1.2.1. The number of seats, excluding those extended by section 6.1.2.1, shall be equitably allocated among the states in direct proportion to the number of Institute members enrolled from each state.

#### **6.1.2.1 Unexpired Terms Unaffected by Reduced Allocation**

No member of Council directly elected by the membership in any state shall lose his seat for the term he then serves should the allocation of that state be diminished by virtue of section 6.1.2; but no state's allocation of directly elected Council seats shall be extended by this section beyond the natural expiration of a seat's full term or its vacation by the member filling it, whichever first occurs.

#### **6.1.2.2 Allocation to Be Made by Nominations Committee**

The nominations committee shall make the allocation provided in section 6.1.2. It shall be made at five-year intervals, at least nine months prior to annual meetings to be held each calendar year which ends in one and in six, and shall govern the five annual elections immediately following. It shall be based upon the membership figures and addresses carried on the books of the Institute the last day of the fiscal year immediately preceding the date of such determination.

#### **6.1.3 Term of Office**

Except as specified by this section 6.1.3, the term of office of a directly elected member of the Council shall commence when his election is announced by the chairman of the Board of Directors at the meeting of the Council immediately preceding the annual meeting of the Institute, as prescribed by section 6.7, and shall run until the announcement of the election of new directly elected members of the Council at the meeting of the Council immediately preceding the annual meeting of the Institute three years after his election. If any such member of the Council shall not serve his full term, the vacancy so created may be filled pursuant to section 6.6. The term of office of any member directly elected by the members in his state to fill such vacancy shall be the remainder of the three-year term with respect to which the vacancy occurred.

No member having served for two consecutive full terms as a directly elected member of the Council shall be eligible to serve another such term until at least one year after the completion of his second consecutive full term.

#### **6.1.4 Number of Council Seats to Be Filled by Election**

The number of Council seats to be filled in a state's quota of directly elected members of the Council for any given year shall be the number of its allocation of directly elected Council seats less the number of

members of the Council from that state filling such seats for terms running through that year.

### **6.1.5 Nominations**

At least eight months prior to the annual meeting of the Institute, the nominations committee shall request, from the recognized society of certified public accountants in each state for which any vacancies (see section 6.1.4) will arise in the coming year, the names of at least two suggested candidates from the state represented by such society to fill each such vacancy. The committee shall give due consideration to the names so submitted, but shall not be required to select its nominees from among such names. In the absence of a satisfactory response from any such state society, the nominations committee shall select the nominees from such state.

The nominations committee shall make its nominations for directly elected members of the Council at least six months prior to the annual meeting of the Institute. Notice of such nominations shall be published to the membership by the secretary at least five months prior to the annual meeting of the Institute. Any twenty members of the Institute from any given state for which a vacancy shall arise may submit to the secretary independent nominations for directly elected members of the Council from that state provided that such nominations be filed with the secretary at least four months prior to the annual meeting of the Institute.

### **6.1.6 Election**

The nominees of the nominations committee for directly elected seats on Council shall be declared elected by the secretary if no independent nominations are filed for such seats as required by section 6.1.5.

The secretary shall mail to all members of the Institute in each state in which there is a contest for a directly elected seat on Council, at least ninety days prior to the annual meeting of the Institute, mail ballots containing the names of nominees from that state nominated by the nominations committee and the names of nominees independently nominated. Each ballot shall contain an announcement that votes will be counted only if received by the secretary at least forty-five days before the annual meeting of the Institute. Election to contested seats on Council shall be determined by a majority of the votes received from each jurisdiction by that date. Mail ballots shall be counted by the secretary, who shall certify the results for publication to the membership. Newly elected members shall be notified

promptly and advised to attend the initial meeting of Council prior to the annual meeting of the Institute. They shall take office as provided in section 6.7.

(See implementing resolution, page 26.)

## **6.2 Selection of Members of Council to Represent State Societies**

Each recognized state society of certified public accountants shall designate, in a manner it deems appropriate, an Institute member to represent it on the Council. The term of each member of the Council so designated shall commence upon notification of the secretary by the society designating him at the meeting of Council immediately preceding the annual meeting of the Institute and shall run for one year or until the designation of his successor, provided that no such member of the Council shall represent a state society for more than six consecutive years.

## **6.3 Election of Members-at-Large of Council, Board of Directors, Chairman of the Board, Vice Chairman of the Board, Volunteer Vice Presidents and Treasurer**

Seven Institute members, without regard to the states in which they reside, shall be elected annually by the Council as members-at-large of the Council, at its meeting immediately preceding the annual meeting of the Institute, and immediately prior to the installation of the members of the Council newly elected under section 6.1, for a term of three years or until the election of their successors. At the same meeting, but subsequent to the installation of such newly elected members of the Council, including members-at-large, the Council shall elect the chairman of the Board, the vice chairman of the Board, the volunteer vice presidents and the treasurer, and three members of the Board of Directors. Such members of the Board of Directors shall serve for a term of three years or until election of their successors. Nominations for all such positions shall be made by the nominations committee at least six months prior to the annual meeting of the Institute, and notice thereof shall be published to the membership of the Institute at least five months prior to such annual meeting. Independent nominations may be made by any twenty members of the Council if filed with the secretary at least four months prior to the annual meeting of the Institute. No nominations from the floor will be recognized. A majority of votes shall elect. Nominees may be invited to the meeting at which the election is to be held and those elected shall take office as prescribed in section 6.7.

No member having served for two consecutive full terms as a member-at-large of the Council shall be eligible to serve another such term until at least one year after the completion of his second consecutive full term.

#### **6.3.1 Re-election to Board of Directors**

No elected member of the Board of Directors who has served a full three-year term shall be eligible for re-election to such a term until the meeting of the Council one year after the completion of his full three-year term.

### **6.4 Election of the President and the Secretary**

Election of the president and secretary shall be by the Council and shall be conducted as the Council may prescribe.

(See implementing resolution, page 26.)

### **6.5 Forfeiture of Office for Non-Attendance**

Any directly elected member or member-at-large of Council who shall be absent from three consecutive meetings shall forfeit his seat.

### **6.6 Vacancies**

Vacancies in the membership of Council, or in the Board of Directors, or in any of the offices of the Institute, occurring between annual meetings of the Institute, may be filled by election of replacements by the Council, either at a meeting of Council or by mail ballot, under such conditions as the Council may prescribe. If the Council should so replace a directly elected member of the Council, such interim appointment will run only until his seat is filled by direct election of the membership of his state as provided in these bylaws.

Pending action by the Council to fill a vacancy among any of the elected officers of the Institute, the Board of Directors may appoint a temporary successor to act in the capacity indicated.

(See implementing resolution, page 26.)

### **6.7 Election Meeting of Council**

At the meeting of the Council immediately preceding the annual meeting of the Institute, following the completion of such other business as the Council may transact, the Council shall elect new members-at-large

of the Council pursuant to section 6.3. New members-at-large shall then take office, replacing those members-at-large whose terms shall have expired. Then the presiding officer shall announce the installation of members of the Council newly elected under section 6.1, at which time they shall take office, replacing those directly elected members of Council whose terms shall have expired. Election of officers, new members of the Board of Directors and others shall then be held, and each officer or member of the Board of Directors so elected shall replace his predecessor upon such election, provided, however, that the retiring chairman of the Board shall continue in office through the end of the annual meeting of the Institute.

## **VII Termination of Membership and Disciplinary Sanctions**

This article shall govern the termination or suspension of membership in the Institute, whether imposed as a matter of discipline or voluntarily sought, and the imposition of any other disciplinary sanction, including censure or admonition, whether public or private, or imposition of conditions for retention of membership.

### **7.1 Resignation of Membership**

Resignations of members shall be in writing and may be offered at any time. Actions on such resignations and applications for reinstatement of resigned members shall be taken by the Board of Directors under such provisions as the Council may prescribe. Council may make separate provision for action on resignations of members not in good standing or against whom disciplinary proceedings or investigations are pending, and on applications for reinstatement of persons whose resignation was accepted when in such classification.

(See implementing resolution, page 27.)

### **7.2 Termination of Membership for Nonpayment of Financial Obligation**

The Board of Directors may, in its discretion, terminate the membership of a member who fails to pay his dues or any other obligation to the Institute within five months after such debt has become due. Any

membership so terminated may be reinstated by the Board of Directors, under such conditions and procedures as the Council may prescribe.

(See implementing resolution, page 27.)

### **7.2.1 Termination of Affiliation of International Associate**

The Council may terminate the affiliation of an International Associate in its discretion.

## **7.3 Disciplinary Suspension and Termination of Membership Without Hearing**

Membership in the Institute shall be suspended or terminated without a hearing for disciplinary purposes as provided in sections 7.3.1 and 7.3.2, under such conditions and by such procedure as shall be prescribed by the Council.

(See implementing resolution, page 28.)

### **7.3.1 Criminal Conviction of Member**

Membership in the Institute shall be suspended without a hearing should there be filed with the secretary of the Institute a judgment of conviction imposed upon any member for

**7.3.1.1** A crime defined as a felony under the law of the convicting jurisdiction;

**7.3.1.2** The willful failure to file any income tax return which he, as an individual taxpayer, is required by law to file;

**7.3.1.3** The filing of a false or fraudulent income tax return on his or a client's behalf; or

**7.3.1.4** The willful aiding in the preparation and presentation of a false and fraudulent income tax return of a client; and

shall be terminated in like manner upon the similar filing of a final judgment of conviction.

### **7.3.2 Suspension or Revocation of Certificate**

Membership in the Institute shall be suspended without a hearing should a member's certificate as a certified public accountant, or license or permit to practice as such or to practice public accounting be suspended as a disciplinary measure by any governmental authority; but, such suspension of membership shall terminate upon reinstatement of the certificate, or such membership in the Institute shall be terminated without hearing should such certificate, license, or permit be revoked, withdrawn, or cancelled as a disciplinary measure



by any governmental authority. The Council shall provide for the consideration and disposition by the Trial Board, with or without hearing, of a timely written petition of any member that his membership should not be suspended or terminated pursuant to this section 7.3.2.

### **7.3.3 Trial Board Disciplining Not Precluded**

Application of the provisions of section 7.3.1 and section 7.3.2 shall not preclude the summoning of the member concerned to appear before the Trial Board or a sub-board pursuant to section 7.4.

## **7.4 Disciplining of Member by Trial Board**

Under such conditions and by such procedure as the Council may prescribe, the Trial Board or a sub-board thereof may, by the two-thirds vote of the members present and voting, expel a member (except as otherwise provided in section 7.4.3), or by a majority vote of the members present and voting, may suspend a member for a period not to exceed two years not counting any suspension imposed under sections 7.3.1 and 7.3.2, or may impose such lesser sanctions as the Council may prescribe on any member if

**7.4.1** He infringes any of these bylaws or any provision of the Code of Professional Ethics;

**7.4.2** He is declared by a court of competent jurisdiction to have committed any fraud;

**7.4.3** He is held by the Trial Board or a sub-board thereof to have been guilty of an act discreditable to the profession, or to have been convicted of a criminal offense which tends to discredit the profession; provided that should the Trial Board or sub-board find by a majority vote that he has been convicted by a criminal court of an offense involving moral turpitude, or any of the offenses enumerated in section 7.3.1, the penalty shall be expulsion;

**7.4.4** He is declared by any competent court to be insane or otherwise incompetent;

**7.4.5** His certificate as a certified public accountant or license or permit to practice as such or to practice public accounting is suspended, revoked, withdrawn, or cancelled as a disciplinary measure by any governmental authority; or

**7.4.6** He fails to cooperate with the professional ethics division in any disciplinary investigation involving him or his partner or em-

ployee by not responding to interrogatories of a committee of the professional ethics division within thirty days of their posting by registered mail, postage prepaid, to him at his last known address shown on the books of the Institute.

With respect to a member residing in a state which has entered into an agreement approved by the Institute's Board of Directors for the conduct of joint Trial Board hearings, disciplinary hearings shall be conducted before such joint Trial Board.

(See implementing resolution, page 30.)

## **7.5 Reinstatement**

The Council may prescribe the conditions and procedures under which members suspended or terminated under section 7.3 and 7.4 may be reinstated.

(See implementing resolution, page 32.)

## **7.6 Publication of Disciplinary Action**

Notice of disciplinary action pursuant to section 7.3 or 7.4 hereof, together with a statement of the reasons therefor, may be published in such form and manner as the Council may prescribe.

(See implementing resolution, page 34.)

## **7.7 Disciplinary Sections Not to Be Applied Retroactively**

Sections 7.3 and 7.4 shall not be applied to offenses of wrongful conduct occurring prior to its effective date, but such offenses shall be subject to discipline under the bylaws of the Institute in effect at the time of their occurrence.

# **VIII Amendments**

Amendments to these bylaws and the Code of Professional Ethics shall be accomplished in a manner consistent with this Article.

## **8.1 Proposals to Amend the Bylaws**

Proposals to amend the bylaws may be made by any thirty members of the Council, by any two hundred or more members of the Institute in good standing, or by the Board of Directors.

## **8.2 Proposals to Amend the Code of Professional Ethics**

Proposals to amend the Code of Professional Ethics may be made by any thirty members of the Council, by any two hundred or more members of the Institute in good standing, by the Board of Directors, or by the professional ethics division.

## **8.3 Submission to Council via Board of Directors**

All such proposals to amend the bylaws or the Code of Professional Ethics, unless made at a meeting of the Council or the Board of Directors, shall be submitted in writing to the Board of Directors. The Board of Directors shall submit all such proposals, accompanied by its recommendation, to the Council for action.

## **8.4 Submission to Membership by Mail Ballot**

If approved by the Council the proposed amendment shall be submitted to all of the members of the Institute for a vote by mail ballot on or after ninety days following such approval. If at least two-thirds of those voting approve such proposal, it shall become effective as an amendment to the bylaws or to the Code of Professional Ethics, as applicable. Mail ballots shall be considered valid and counted only if received in the Institute's principal office within sixty days from the date of mailing the ballots to the members.

# **COUNCIL RESOLUTIONS TO IMPLEMENT BYLAWS**

## **Under Section 2.5 International Associates**

### ***Resolved:***

That those persons who are not, and have not begun the process of becoming, citizens of the United States of America may qualify for admission as international associates of the Institute if they

- (a) are of good moral character,
- (b) have received a baccalaureate, masters, or Ph.D. degree, with concentration in accounting, conferred by an accredited college or university, in the United States of America or its territories, or its equivalent,
- (c) have passed the Uniform Certified Public Accountant Examination in accordance with the regulations prescribed by the Board of Examiners, and
- (d) are not practicing public accounting in the United States of America as proprietors, partners, principals, officers, or shareholders.

### ***Further resolved:***

That upon admission and receipt of dues for the current year each international associate shall be entitled to a certificate of association stating that he is an international associate of the Institute, provided that the said certificate of associateship shall not be displayed in home or office during the recipient's stay in the United States in a manner that might mislead anyone to believe the recipient to be a CPA of any of the licensing jurisdictions of the United States; and such certificate shall be returned to the secretary upon suspension or termination of the association of an international associate for disciplinary reasons.

### ***Further resolved:***

That termination of association of an international associate shall be governed by the provisions of Article VII of the Institute bylaws and, in addition, an international associateship shall be considered to be terminated when, having satisfied all the requirements of a licensing jurisdiction and having been issued a CPA certificate, an international associate either becomes eligible for membership in the AICPA, or, after a period of thirty-six months has elapsed from the date of his admission, has not returned to his homeland for a period of at least one year.

## **Under Section 3.4 Board of Directors**

### *Resolved:*

That the Board of Directors shall be composed of

- (a) the chairman of the Board, the vice chairman of the Board, the vice presidents elected by the Council, the treasurer, and the immediate past chairman of the Board;
- (b) the president and the secretary of the Institute; and
- (c) nine present or former members of the Council elected to the Board by the Council pursuant to section 6.3, to serve for three years or until the election of their successors.

## **Under Section 3.5 Officers**

### *Resolved:*

#### **Term of Office**

That the chairman of the Board, the vice chairman of the Board, the volunteer vice presidents, and the treasurer shall each be elected annually by the Council for a term of one year or until the election of his successor. Only the treasurer may succeed himself in the same office after serving a full term of one year.

#### **Chairman of the Board**

That the chairman of the Board shall preside at meetings of members of the Institute, the Council, and the Board of Directors. He shall appoint committees and boards as provided in section 3.6 of the bylaws. He shall act as a spokesman for the Institute and appear on its behalf before other organizations.

#### **Vice Chairman of the Board**

That the vice chairman shall be chairman-nominee of the Board of Directors and shall preside in the absence of the chairman at meetings of the Institute, the Council, and the Board of Directors. He shall familiarize himself with the duties of the office of chairman and shall perform such other related duties as may be assigned to him by the chairman.

#### **Elected Vice Presidents**

That the duties of the elected vice presidents shall be those usually appertaining to the office of vice president. One of the elected vice

presidents designated by the Board of Directors shall preside at meetings of the Institute or of the Council in the absence of the chairman of the Board and of the vice chairman of the Board. No two elected vice presidents shall be residents of the same state.

### **Treasurer**

That the treasurer shall familiarize himself with financial policies, investment policies, and the accounting procedures, controls, and financial reporting of the Institute, and shall consult with the president and the independent auditors on such matters, on which he shall advise the members of the Board of Directors and the president. He shall report thereon to the Board of Directors to the extent that he deems desirable or as the Board of Directors may direct, and shall perform such other related duties as may be assigned to him by the Council or the Board of Directors.

### **President**

That the president shall have full responsibility for the execution of the policies and programs of the Institute, act as a spokesman for the Institute, and perform such other services as may be assigned to him by the Council and the Board of Directors.

### **Secretary**

That the secretary of the Institute shall have the usual duties of a corporate secretary and shall perform such other related duties as may be assigned to him by the president. An assistant secretary to serve in his absence, who need not be a member of the Institute, may be appointed by the Board of Directors.

## **Under Section 3.6 Committees**

### ***Resolved:***

(1) That the following be designated as senior committees and boards:

- Accounting standards division executive committee
- Auditing standards division executive committee
- Board of Examiners
- Federal taxation division executive committee
- Management advisory services division executive committee
- Practice review committee

- Professional development division executive committee
- Professional ethics division executive committee

(2) That the following senior technical committees be authorized to make public statements, without clearance with the Council or the Board of Directors, on matters related to their area of practice:

- Accounting standards division executive committee
- Auditing standards division executive committee
- Federal taxation division executive committee
- Management advisory services division executive committee
- Professional ethics division executive committee

(3) That the practice review committee is hereby authorized to review specific audit reports which on their face appear to involve deviations from accepted standards, and to communicate to the accountant or accounting firm who signed the report or opinion under consideration the committee's views or questions with respect to the report or opinion and the related financial statements. The committee's function is to be educational, not disciplinary, in nature. It shall not refer any case to the professional ethics division, nor shall any member of that division be a member of the practice review committee. The latter committee shall deal on a confidential basis with every report submitted to it and shall not communicate its views on such report to any person other than the accountant or accounting firm who signed such report, or with a corresponding state society committee which requested the advice. In no case shall the committee disclose the source of reports submitted to it. The committee may advise the auditing standards division executive committee and the accounting standards division executive committee as to problem areas requiring authoritative clarification or new pronouncements.

### **Under Section 3.6.2 Permanent Committees, Boards, and Divisions**

#### ***Resolved:***

That at the Council meeting preceding the annual meeting the retiring chairman of the Board and the incoming chairman of the Board shall present their joint recommendations for members of the nominating committee for the current year, at least two of whom shall be members of the Council. Other nominations from the floor shall be

permitted. Voting shall be by voice vote of the incoming Council, or if requested by a majority of those present, by written ballot. A majority vote shall elect.

### **Under Section 3.6.2.3 Trial Board**

#### ***Resolved:***

That the Council shall elect annually from its present and former members seven Institute members in practice to serve for a term of three years or until the election of their successors as members of the Trial Board. Vacancies shall be filled by the Council for unexpired terms. No member of the professional ethics division shall be a member of the Trial Board.

The Trial Board shall elect from its membership a chairman and a vice chairman, the vice chairman to serve as chairman during any period of unavailability of the chairman. It shall also elect a secretary who need not be a member.

The chairman, or vice chairman, when acting as chairman, pursuant to the Trial Board Rules of Practice and Procedure, may appoint from the members of the Trial Board a panel of not less than five members, which may, but need not, include himself to sit as a sub-board and hear and adjudicate charges against members. Decisions of sub-boards shall be reviewable by the Trial Board under the conditions and procedures as provided for in Council resolution under section 7.4 of the bylaws.

### **Under Article IV Financial Management and Controls**

#### ***Resolved:***

That annual budgets and projections of revenues and expenditures for the succeeding four years shall be prepared by the Institute's staff, reviewed and approved by the Board of Directors, and presented to Council for approval at its meeting preceding the annual meeting; such budgets shall be in a form indicating the costs of the principal programs and activities of the Institute; material variations from the annual budget shall be reported to the Council at its spring meeting by the Board of Directors; receipt of such report without rejection shall constitute authority to continue expenditures for purposes indicated in the annual budget, as modified and presented at the spring meeting, until a new budget for the following fiscal year is approved



by the Council. However, the Board of Directors may, between meetings of Council, authorize additional expenditures in total not to exceed five percent of budgeted revenues from all sources.

#### **Under Section 4.6 Fiscal Year**

*Resolved:*

The fiscal year of the Institute shall be the twelve months beginning August 1 and ending July 31.

#### **Under Section 6.1.6 Election**

*Resolved:*

That the withdrawal of a nomination for whatever reason after the balloting has commenced will not be acted upon until the certification of election has been completed. Vacancies then arising will be filled in accordance with section 6.6 of the bylaws, except that in states where the number of nominees exceeds the number of vacancies, the vacancy created by any withdrawal will be filled by that nominee having the highest number of votes after all other vacancies have been filled.

#### **Under Section 6.4 Election of the President and the Secretary**

*Resolved:*

That the Board of Directors shall recommend to the Council persons to be elected as president and secretary, respectively, to serve until their successors are elected. Other nominations shall be permitted from the floor. Voting may be by voice vote, or upon request of a majority of those present, by written ballot. A majority vote shall elect.

#### **Under Section 6.6 Vacancies**

*Resolved:*

That if a vacancy occurs in the membership of Council, or in the Board of Directors, or in any of the offices of the Institute between annual meetings of the Institute, the Board of Directors shall recommend replacements for election by Council. Voting on such replacement may be conducted by mail ballot, in which case provision shall be made for write-in votes, or at the next meeting of Council, as may

appear most desirable in the circumstances. If the voting takes place at a Council meeting, nominations from the floor shall be permitted; voting may be by voice vote, or at the request of a majority of those present, by written ballot. A majority vote shall elect. In any event, persons elected to fill vacancies in the Board of Directors, in the Council, or in any of the offices of the Institute shall serve only for the remainder of the unexpired term of the previous incumbent or until a successor is elected.

### **Under Section 7.1 Resignation of Membership**

#### ***Resolved:***

That the Board of Directors shall act upon resignation of members, which shall become effective on the date of acceptance, but no action shall be taken on the resignation of a member with respect to whom charges are under investigation by the professional ethics division, or against whom a complaint is pending before the Trial Board, unless the division or the Trial Board, as the case may be, recommends that such resignation be accepted. If a person whose resignation was accepted when he was under investigation or the object of a complaint should subsequently apply for reinstatement, the Board of Directors shall not reinstate such person without the consent of the division or the Trial Board, as the case may be.

### **Under Section 7.2 Termination of Membership for Nonpayment of Financial Obligation**

#### ***Resolved:***

That if a person whose membership has terminated for nonpayment of dues or other financial obligation shall apply for reinstatement, the Board of Directors, in its discretion, may reinstate him, provided that he shall have paid to the Institute all dues and other obligations owing by him to the Institute at the time his membership was terminated.

#### ***Further resolved:***

That no person shall be considered to have resigned in good standing if at the time of his resignation he was in debt to the Institute for dues or other obligations. A member submitting his resignation after the beginning of the fiscal year, but before expiration of the time limit for payment of dues or other obligations, may attain good

standing by paying dues prorated according to the portion of the fiscal year which has elapsed, provided obligations other than dues shall have been paid in full.

A member who has resigned or whose membership has terminated in any manner may not file a new application for admission but may apply for reinstatement under this resolution or applicable provisions of the bylaws.

### **Under Section 7.3   Disciplinary Suspension and Termination of Membership Without Hearing**

#### ***Resolved:***

(1) That the membership of a member who is convicted by a court of any of the criminal offenses enumerated in section 7.3.1 of the bylaws shall become automatically suspended upon the mailing of a notice of such suspension, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of a judgment of conviction of such criminal offense has been filed with the secretary of the Institute.

(2) That the membership of a member who has been convicted by a court of any of the offenses enumerated in section 7.3.1 of the bylaws, and which conviction has become final, shall become automatically terminated upon the mailing of a notice of such termination, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a certified copy of such conviction and evidence that it has become final has been filed with the secretary of the Institute.

(3) That the membership of a member whose certificate as a certified public accountant, or license or permit to practice as such or to practice public accounting has been suspended as a disciplinary measure by any governmental authority shall, except as provided in paragraph (6) of this resolution, become automatically suspended upon the expiration of thirty days after the mailing of a notice of such suspension, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a statement of such governmental authority, showing that such certificate, license, or permit has been suspended and specifying the cause and duration of such suspension has been filed with the secretary of the Institute. Such automatic suspension shall cease upon the expiration of the period of suspension so specified.

(4) That the membership of a member whose certificate as a certified public accountant, or license or permit to practice as such or to practice public accounting has been revoked, withdrawn, or cancelled as a disciplinary measure by any governmental authority shall, except as provided in paragraph (6) of this resolution, become automatically terminated upon the expiration of thirty days after the mailing of a notice of such termination, as provided in paragraph (5) of this resolution. Such notice shall be mailed within a reasonable time after a statement of such governmental authority showing that such certificate, license, or permit has been revoked, withdrawn, or cancelled and specifying the cause of such revocation, withdrawal, or cancellation has been filed with the secretary of the Institute.

(5) That notices of suspension or termination pursuant to paragraph (1), (2), (3), or (4) of this resolution shall be signed by the secretary of the Institute and mailed by registered mail, postage prepaid, addressed to the member concerned at his last known address according to the records of the Institute.

(6) That the operation of paragraph (3) or (4) of this resolution shall become postponed if, within thirty days after mailing the notice of suspension or termination, the secretary of the Institute receives a request from the member concerned that the pertinent provision shall not become operative. The request shall state briefly the facts and reasons relied upon. All such requests shall be referred to the Trial Board for action thereon by the Trial Board or by an ad hoc committee thereof consisting of at least five members appointed by the chairman of the Trial Board or vice chairman, when acting as chairman.

If the request is denied, the suspension or termination, as the case may be, shall become effective upon such denial, and the member concerned shall be so notified in writing by the secretary. No appeal to the Trial Board shall be allowable with respect to a denial of such a request by the ad hoc committee.

If the request is granted, the suspension or termination, as the case may be, shall not become effective. In such event, the secretary shall transmit the matter to the professional ethics division to take whatever action it considers proper in the circumstances.

A determination that paragraph (3) or (4) of this resolution shall not become operative shall be made only when it clearly appears that, because of exceptional or unusual circumstances, it would be inequitable to permit such automatic suspension or termination.

## **Under Section 7.4    Disciplining of Member by Trial Board**

### ***Resolved:***

(1) That any complaint preferred against a member under section 7.4 of the bylaws shall be submitted to the professional ethics division. If, upon consideration of a complaint, it appears to the division that a prima facie case is established showing a violation of any bylaw or any provision of the Code of Professional Ethics or conduct discreditable to a certified public accountant, the professional ethics division shall report the matter to the secretary of the Institute, who shall summon the member involved thereby to appear in answer at the next meeting of the Trial Board or any sub-board appointed to hear the case, provided, however, that with respect to a case falling within the scope of section 7.3, such division shall have discretion as to whether and when to report the matter to the secretary for such summoning.

(2) That if the professional ethics division shall dismiss any complaint preferred against a member or shall fail to initiate its investigation within ninety days after such complaint is presented to it in writing, the member preferring the complaint may present the complaint in writing to the Trial Board, provided, however, that this provision shall not apply to a case falling within the scope of section 7.3.

The Trial Board shall make such investigation of the matter as it may deem necessary, and shall either dismiss the complaint or refer it to the secretary of the Institute, who shall summon the member involved thereby to appear in answer at the next meeting of the Trial Board or any sub-board appointed to hear the case.

(3) That for the purpose of adjudicating charges against members of the Institute, as provided in the foregoing paragraphs of this resolution, the following must take place:

(a) The secretary of the Institute shall mail to the member concerned, at least thirty days prior to the proposed meeting of the Trial Board or any sub-board appointed to hear the case, written notice of the charges to be adjudicated. Such notice, when mailed by registered mail, postage prepaid, addressed to the member concerned at his last known address, according to the records of the Institute, shall be deemed properly served.

(b) After hearing the evidence presented by the professional ethics division or other complainant, and by the defense, the Trial

Board or sub-board hearing the case, a quorum present, by vote of the members present and voting, may, in a manner consistent with section 7.4 of the bylaws, admonish, suspend for a period of not more than two years, or expel the member against whom complaint is made, provided that in any case in which the Trial Board or a sub-board finds that a member has departed from the profession's technical standards it may also direct the member concerned to complete specified professional development courses and to report to the Trial Board upon such completion.

(c) In a case decided by a sub-board the member concerned may request a review by the Trial Board of the decision of the sub-board, provided such a request for review is filed with the secretary of the Trial Board at the principal office of the Institute within thirty days after the decision of the sub-board, and that such information as may be required by the rules of the Trial Board shall be filed with such request. Such a review shall not be a matter of right. Each such request for a review shall be considered by an ad hoc committee to be appointed by the chairman of the Trial Board, or its vice chairman in the event of his unavailability, and composed of not less than five members of the Trial Board who did not participate in the prior proceedings in the case. The ad hoc committee shall have power to decide whether or not such request for review by the Trial Board shall be allowed, and such committee's decision that such request shall not be allowed shall be final and subject to no further review. A quorum of such ad hoc committee shall consist of a majority of those appointed. If such request for review is allowed, the Trial Board shall review the decision of the sub-board in accordance with its rules of practice and procedure. On review of such decision, the Trial Board may affirm, modify, or reverse all or any part of such decision or make such other disposition of the case as it deems appropriate. The Trial Board may by general rule indicate the character of reasons which may be considered to be of sufficient importance to warrant an ad hoc committee granting a request for review of a decision of a sub-board.

(d) Any decision of the Trial Board, including any decision reviewing a decision of a sub-board, shall become effective when made, unless the Trial Board's decision indicates otherwise, in which latter event it shall become effective at the time determined by the Trial Board. Any decision of a sub-board shall become effective as follows:

(i) Upon the expiration of thirty days after it is made, if no request for review is properly filed within such thirty-day period.

(ii) Upon the denial of a request for review, if such request has been properly filed within such thirty-day period and is denied by the ad hoc committee.

(iii) Upon the effective date of a decision of the Trial Board affirming the decision of a sub-board in cases where a review has been granted by the ad hoc committee.

(4) That in cases where the professional ethics division concludes that a prima facie violation of the Code of Professional Ethics or bylaws is not of sufficient gravity to warrant referral to the Trial Board, it may issue an administrative censure, provided, however, that there will be no publication of such disciplinary action in the Institute's principal membership periodical and the member concerned is notified of his right to a hearing on the issues before the Trial Board or a sub-board should he choose to have a hearing on the issues.

(5) That in cases involving departures from the sections of the Code of Professional Ethics relating to technical standards, the professional ethics division may direct the member or members concerned to complete specified professional development courses in lieu of referring the matter to the Trial Board or a sub-board for a hearing on the merits of the case.

## **Under Section 7.5 Reinstatement**

### ***Resolved:***

(1) That at any time after the publication in a membership periodical of the Institute of a statement of the case and decision, on application of the member concerned, the Trial Board may, with respect to a case heard by it, initially or on review of a decision of a sub-board, and the sub-board may, with respect to a case heard by it in which its decision has become effective without a review by the Trial Board, by a two-thirds vote of the members present and voting, recall, rescind, or modify such expulsion or suspension, a statement of such action to be published in a membership periodical of the Institute. If an application under this section is denied, the member concerned may again apply for relief at any time after two years from the date of such denial.

(2) That

(a) Should a judgment of conviction or an order of a governmental authority on which the suspension or termination of membership of a member was based under section 7.3 of the bylaws be reversed or otherwise set aside or invalidated, such suspension shall terminate or such member shall become reinstated when a certified copy of the order reversing or otherwise setting aside or invalidating such conviction or order is filed with the secretary of the Institute, who shall refer the matter to the professional ethics division for whatever action it deems appropriate.

(b) A member who has been suspended or expelled by the Trial Board pursuant to section 7.4 of the bylaws may request that the suspension terminate or request reinstatement if a judgment of conviction, an order in finding of court, or an order of the governmental authority on which the suspension or expulsion was based has been reversed or otherwise set aside or invalidated. Such request shall be referred to the professional ethics division which, after investigating all related circumstances, shall report the matter, with the division's recommendation, to the Trial Board; whereupon, the Trial Board may, by a majority vote of the members present and entitled to vote, terminate the suspension or reinstate such member after according him such hearing, if any, as may be appropriate.

(c) Except as provided in subparagraphs (a) and (b) of this paragraph (2), a member whose membership has been automatically terminated under section 7.3, or who has been expelled by the Trial Board or a sub-board, or whose resignation has been accepted by the Trial Board, an ad hoc committee thereof or a sub-board may, at any time after three years from the effective date of such termination, expulsion, or acceptance of resignation, request reinstatement of his membership. Such request shall be referred to the professional ethics division, which, after investigation, shall report the matter, with the division's recommendation, to the Trial Board; whereupon the Trial Board may reinstate such member on such terms and conditions as it shall determine to be appropriate. If an application for reinstatement under this subparagraph is denied, the member concerned may again apply for reinstatement at any time after two years from the date of such denial.



## **Under Section 7.6 Publication of Disciplinary Action**

### ***Resolved:***

That notice of disciplinary action taken under section 7.3 or 7.4 of the bylaws and the basis therefor shall be published in a membership periodical of the Institute. In the case of a suspension or termination pursuant to section 7.3 of the bylaws, such notice shall be in a form approved by the chairman of the Trial Board or the vice chairman when acting as such, and shall disclose the name of the member concerned unless the chairman or vice chairman decides that the name be omitted. In any action pursuant to section 7.4 of the bylaws, the Trial Board or sub-board hearing the case shall decide, by a majority vote of the members present and voting, whether the notice of the case and the decision to be published shall disclose the name of the member involved. A statement of the case and the decision of the Trial Board or sub-board hearing the case shall be prepared by a member or members of the Trial Board or the sub-board, as the case may be, under a procedure to be established by such Trial Board or sub-board, and the statement and decision, as released by the Trial Board or sub-board, shall be published in a membership periodical of the Institute. No such publication shall be made until such decision has become effective.

# OBJECTIVES OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

*Note:* The following statement of the Institute's objectives reflects a series of actions by Council over the last decade. The objectives set forth here supplement, or in some cases amplify, the opening paragraph of the bylaws devoted to the purposes of the organization.

- To sustain itself as an organization of distinction by the wide participation of its members, by the intense and creative involvement of the best of the profession in Institute affairs, and by an exceptional quality of staff performance.
- To adopt a form of organization best designed to meet the needs of all its members both in and out of practice.
- To engage a full-time staff of sufficient size and competence and to organize their efforts—both in terms of direct staff work and assistance to committees—so that the organization can move with speed and precision to continually strengthen its service and its leadership.
- To perform in a manner which will persuade all parties at interest—government, financial institutions, the business community, universities and the public generally—to accept the organization as the authoritative source of principles and procedures in its field.
- To promote improvements in financial reporting by seeking to eliminate variations in reporting practices which are not justified by substantial differences in circumstances.
- To communicate effectively to the public, as well as to all levels of government, in regard to matters of concern to the profession.
- To produce valuable, new knowledge in its field through research and experimentation, the analysis and synthesis of experience, and the development and adaptation of new techniques.
- To identify those areas in society where the need for the CPA's attest function exists and to assist its members in equipping themselves to perform the attest function wherever a useful social purpose would be served.
- To maintain surveillance over practice in the interest of promoting high standards of performance by the profession and public confidence in its work.

- To promote the adoption of uniform, nationwide standards governing the issuance of CPA certificates, recognition of qualified accountants of other countries, and freedom of movement in interstate and international accounting practice.
- To serve as a constructive force in improving education for the profession and, ultimately, all business education.
- To encourage a continuous restatement of those areas of knowledge and technical competence required by the CPA in his present and prospective professional practice, and a clarification of the responsibilities appropriate to universities, practitioners, and professional societies in the education and training of CPAs.
- To maintain a high level of quality in its publications and in its program of professional development, and thus to aid its members in discharging their commitment as professional men to a lifetime of study and self-improvement.
- To coordinate, on a voluntary basis, the plans, programs, and activities of the state societies and of the Institute, with particular emphasis on the adoption of uniform codes of professional ethics and enforcement procedures.
- To cooperate fully with all organizations of accountants, both at home and abroad, to the end that the entire accounting function can make its maximum contribution to the public good.
- To encourage every eligible CPA, in furtherance of his personal development and in fulfillment of his professional obligations, to become a member of both his state society and the Institute.
- To encourage all CPAs to perform a wide range of services in the broad field of accounting consistent with their professional competence and their ethical responsibilities. (See "*A Description of the Professional Practice of Certified Public Accountants*" which was approved by Council in 1966 as an official statement of Institute policy, opposite.)

# **A DESCRIPTION OF THE PROFESSIONAL PRACTICE OF CERTIFIED PUBLIC ACCOUNTANTS**

Certified public accountants practice in the broad field of accounting.

Accounting is a discipline which provides financial and other information essential to the efficient conduct and evaluation of the activities of any organization.

The information which accounting provides is essential for (1) effective planning, control, and decision-making by management, and (2) discharging the accountability of organizations to investors, creditors, government agencies, taxing authorities, association members, contributors to welfare institutions, and others.

Accounting includes the development and analysis of data, the testing of their validity and relevance, and the interpretation and communication of the resulting information to intended users. The data may be expressed in monetary or other quantitative terms, or in symbolic or verbal forms.

Some of the data with which accounting is concerned are not precisely measurable, but necessarily involve assumptions and estimates as to the present effect of future events and other uncertainties. Accordingly, accounting requires not only technical knowledge and skill, but even more importantly, disciplined judgment, perception, and objectivity.

Within this broad field of accounting, certified public accountants are the identified professional accountants. They provide leadership in accounting research and education. In the practice of public accounting CPAs bring competence of professional quality, independence, and a strong concern for the usefulness of the information and advice they provide, but they do not make management decisions.

The professional quality of their services is based upon the requirements for the CPA certificate—education, experience and examination—and upon the ethical and technical standards established and enforced by their profession.

CPAs have a distinctive role in examining financial statements submitted to investors, creditors, and other interested parties, and in expressing independent opinions on the fairness of such statements. This distinctive role has inevitably encouraged a demand for the opinions of CPAs on a wide variety of other representations, such as compliance with rules and regulations of government agencies, sales statistics under lease and royalty agreements, and adherence to covenants in indentures.

The examination of financial statements requires CPAs to review many aspects of an organization's activities and procedures. Consequently they can advise clients of needed improvements in internal control, and make constructive suggestions on financial, tax and other operating matters.

In addition to furnishing advice in conjunction with their independent examinations of financial statements, CPAs are engaged to provide objective advice and consultation on various management problems. Many of these involve information and control systems and techniques, such as budgeting, cost control, profit planning, internal reporting, automatic data processing, and quantitative analysis. CPAs also assist in the development and implementation of programs approved by management.

Among the major management problems depending on the accounting function is compliance with tax requirements. An important part of the practice of CPAs includes tax planning and advice, preparation of tax returns, and representation of clients before government agencies.

CPAs also participate in conferences with government agencies such as the Securities and Exchange Commission, and with other interested parties, such as bankers.

Like other professional men, CPAs are often consulted on business, civic and other problems on which their judgment, experience, and professional standards permit them to provide helpful advice and assistance.

The complexities of an industrial society encourage a high degree of specialization in all professions. The accounting profession is no exception. Its scope is so wide and varied that many individual CPAs choose to specialize in particular types of service.

Although their activities may be diverse, all CPAs have demonstrated basic competence of professional quality in the discipline of accounting. It is this which unites them as members of one profession, and provides a foundation for extension of their services into new areas.